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10th June 2016

Ms. Lily Mitchell
Australian Energy Market Commission
PO Box A2449
Sydney South
NSW 1235

Dear Ms. Mitchell,

Thank you for the opportunity to comment on the AEMC's proposed rule changes: Improving the Accuracy of Customer Transfers and Using Estimated Reads for Customer Transfers.

The Consumer Utilities Advocacy Centre Ltd (CUAC) is a specialist consumer organisation established in 2002 to represent Victorian energy and water consumers in policy and regulatory processes. As Australia's only consumer organisation focused specifically on the energy and water sectors, CUAC has developed an in-depth knowledge of the interests, experiences and needs of energy and water consumers.

CUAC's advocacy maintains a focus on the principles of affordability, accessibility, fairness, and empowerment through information and education. We believe that consumer interests – particularly those of low income, disadvantaged and rural and regional consumers – must be a primary consideration in the development and implementation of energy and water policy and in service provision.

General Comments

CUAC supports the AEMC's proposed rule change to improve accuracy of customer transfers, in both the electricity and gas markets. CUAC strongly supports the intent of the rule change to reduce the burden currently borne by erroneously transferred customers. Not only do consumers commonly spend considerable time contacting both old and new retailers to resolve the issue, but this process reduces consumers' trust in their energy provider and the switching process itself.

CUAC considers that there may be value in offering consumers the option of using estimated reads to transfer between retailers as outlined by the COAG Energy Council. We would support a process to reduce the lengthy time-lag between scheduled meter reads, or the need for customers to pay for a special meter read. For some customers, an estimated read may be an effective process to speed up the transfer between retailers. However, CUAC considers that relying on an estimated read may result in poor outcomes for consumers in particular circumstances.

CUAC believes that bill shock could be one unintended consequence of using estimated meter reads to transfer customers between retailers. While the proposed rules indicate that in the event of an overestimate the customer would have a cheaper subsequent bill from the incoming retailer, an overestimated bill (in particular) is problematic because a vulnerable customer – perhaps recently made vulnerable for various reasons - may need to seek assistance from their retailer to pay this large bill. Once a customer has transferred between retailers, assistance to pay their final bill – various measures offered in hardship programs, such as payment plans – cannot be offered to consumers by the old retailer. This risk becomes particularly pertinent when taking into account seasonal fluctuations in bills, especially for households with a gas connection. This problem can have the same effect as a delayed transfer – reduced consumer confidence, trust and future engagement in retail energy markets.

Obtaining a reading close to transfer provides a preferable outcome for consumers by ensuring that settlement is as accurate as possible. One alternative solution to estimated reads could be for retailers to offer options for consumers to take a reading themselves during the transfer process. The use of date stamped photos or a recording a manual read within an app is a tool already offered by some electricity retailers in Australia and gas retailers internationally. We would also urge the AEMC to consider how the process can be made more accurate, transparent and easy for customers who may have limited literacy and/or a limited understanding of the energy market.

Victoria should be an example of best practice given the introduction of smart meters, which should allow for easy remote reads and minimised transfer periods. However, according to the most recent Essential Services Commission Comparative Performance Report, transfer complaints were up from 16,453 in 2013-2014 to 19,673 in 2014-2015, an increase of nearly 20%.¹ These statistics are worth considering closely and warrant further investigation.

While CUAC cannot offer more specific feedback on the consultation papers at this time, we would refer the AEMC to the relevant chapters in the 2015 CUAC report, [*A Critical Review of Key Consumer Protections in Victoria*](#) and the 2012 report [*Growing Gaps: Consumer Protections and Energy Re-sellers*](#). We would also flag the need to ensure that customer protections are not eroded through these two new rule changes.

If you have any queries about this submission, please do not hesitate to contact the undersigned.

Yours Sincerely



Petrina Dorrington
Acting Executive Officer

¹ Essential Services Commission, *Comparative Performance Report 2014-15 – Customer Service*, 5 May 2016, 62. Available online at: <http://www.esc.vic.gov.au/wp-content/uploads/2016/05/RPT-2014-15-Comparative-Performance-Report-Customer-Service-20160502.pdf.pdf>